

Comments Specific to Adaptation Funding for Discussion -- DRAFT

April 26, 2013 SLRAC Meeting

In its comment form for the adaptation public engagement sessions, the SLRAC asked the question “Adapting to sea level rise can be costly for individuals, businesses and governments alike. Do you have ideas about how adaptation projects should be paid for?” At least 6 commenters specifically requested or encouraged the SLRAC to include funding provisions in the final plan and emphasized the importance of this issue; one states “I would urge a reset on this non-position and for the SLRAC to agree upon the simple premise that a credible broad-based revenue-raising means will be required to support SLR adaptation in the state of Delaware, including continued research and relevant capital and infrastructure investments.” Many comments included specific ideas for funding provisions.

Public comments in response to this question generally fell in to one of four categories: 1) specific ideas for new or revised revenue streams; 2) General principles for spending funding; 3) Incentive/Disincentives or 4) new approaches that reduce need for revenue

Specific Ideas for new or revised revenue streams for Adaptation

Taxes

- Create a carbon tax
- Create a National Flood Tax
- Increase the rate for Delaware’s Public Accommodations Tax
- Include short-term rentals in Delaware’s Public Accommodations Tax
- Allow for funds from the Public Accommodations Tax to be spent in New Castle County (and northern Kent)
 - This is also related to the Beach Preservation Act which only allows expenditures of funding and work on *beaches* as defined by the act, which excludes any areas north of Pickering Beach
 - Specific comments from a resident of Woodland Beach were received expressing frustration that she couldn’t get help for erosion issues from the state. Similar problems are occurring at Bayview Beach in New Castle County.
- Reassess properties to increase funds to local governments from property taxes
- Implement a Coastal Security and Preservation Tax
- Increase the Real Estate Transfer Tax on homes near the coast
- Include a check-box on Delaware state taxes for contributions for adaptation

Fees

- Create new laws giving the Department of Natural Resources the authority to regulate development in the floodplain; set permit fees high enough to provide revenue for adaptation.
- Create a stormwater utility

- A stormwater utility establishes a fee for the stormwater runoff generated on residential and non-residential parcels, and uses that fee to manage stormwater and drainage. In many locations in Delaware, stormwater maintenance is the responsibility of homeowner's associations, who often lack the technical expertise to manage their stormwater systems properly.
- Add a surcharge on the Rt 1 toll to fund transportation adaptation projects

Incentives and Disincentives

- Include SLR in the funding and/or selection criteria for state funding programs
 - Water Pollution Control Revolving Fund (provides grants and loans for wastewater, stormwater and green infrastructure projects)
 - Drinking Water State Revolving Fund (provides grants and loans for drinking water projects)
- Allow funding/assistance for local governments/communities only if they have already implemented "best practices".
 - No specific programs given, but several relevant ones could be identified
- Provide funding for sea level rise planning
 - No specific way to do this is mentioned. DCP has planning grants available for 2014 pending federal funding cuts.

General Principles for spending funds

- Require a local/community cost-share for adaptation projects
 - This particular idea came up numerous times, particularly with regard to drainage problems and beach replenishment.
- Don't pay for short term fixes – invest in long term solutions
- Encourage planning for sea level rise through carrot and stick approaches
 - Incentivize good practices with grant funding or special programs
 - Deny funding to parties who are not participating

New Approaches

- Utilize innovative financial strategies
 - This could include reverse mortgages for long-term buyouts.
 - Not specifically mentioned in comments, but could be considered under this category:
 - Property Assessed Clean Energy (PACE) example: homeowner upgrades paid for through loans made to homeowners through municipal bonds that are repaid via annual assessment on their property tax bill.
 - Special Financing Districts: Yearly taxes or fees established voluntarily by property owners within a specific geographic area for a community purpose. In Delaware, Tax Ditches and Tax Lagoons are an example.

For Reference: Initial List of Options Considered by the SLRAC under the category “Expand funding opportunities for adaptation planning and implementation projects”

1. Modify the Hotel Accommodations Tax to increase funds
2. Revise Strategies for State Spending to allow State Revolving Fund (SRF) and other public funding to be allocated for projects in Level 4 areas.
3. Create Revolving Loan Fund for adaptation responses
4. Consider use of Regional Greenhouse Gas Initiative (RGGI) funds for adaptation actions in industrial areas
5. Evaluate the federal Farm Bill or farmland conservation programs to identify financial compensation to encourage wetland migration on farmlands adjacent to wet areas.
6. Possible, broad funding sources: Total Maximum Daily Load funds, Cancer Settlement Funds, Hazardous Substance Cleanup Act funding, MAP-21, New Energy Bill (?)
7. Increase funding availability for the Port of Wilmington